

State of Washington
Department of Labor and Industries
Decision Package

Decision Package Code/Title	93	Mandatory Caseload Adjustments (Crime Victim Benefits Updated from Forecast-Placeholder)
Budget Period	2005-07	2006 Supplemental Budget
Budget Level	M1	Maintenance Level

Recommendation Summary Text:

Additional funding is requested to maintain benefits at the current MAA rate of reimbursement to medical and mental health providers and to raise fees for inpatient hospitalization from the GAU to MAA rate. This request is based on the revenue and expenditure forecast in October 2005 and includes the on fact that July 1, 2005 DSHS raised its fees for two-thirds of our hospitals to the MAA rate.

Fiscal Detail: PLACEHOLDER: Actual amounts will be determined in October 2005:

	FY 2006	FY 2007	TOTAL
Operating Expenditures:			
02V-1 PSEA-State			0
02V-2 PSEA-Federal			0
TOTAL Expenditures	\$0	\$0	\$0
	FY 2006	FY 2007	TOTAL
Revenue:			
02V-2 PSEA-Federal			0
TOTAL Revenue	\$0	\$0	\$0

Package Description:

An additional \$___ million is needed to maintain benefits for victims of crime at the current rate of reimbursement.

The Crime Victims Compensation (CVC) Program provides relief to injured victims of crime and their families while assisting in their recovery from the effects of violent crime. Assistance to victims includes payments for physical injury and mental health trauma, loss of wages, awards for partial disabilities, pensions, burials, and emergency sexual assault forensic exams (SAFE). SAFE services are paid by our program regardless of primary insurance filing or the filing of an application for benefits. These exams are also used in gathering evidence for prosecution.

Statutes require CVC to be a secondary payer of benefits. Victims must use available public or private insurance before our program can pay benefits. Victims must also use provider associated with their primary insurance programs. CVC will cover treatment for victims without other insurance and pay the balances of treatment bills after the insurance payment up to the department's fee schedule rate limits. However, in the case of examinations of victims of a

sexual assault when the exam is performed for the purpose of gathering evidence for possible prosecution, by statute, CVC is the primary payer.

Because costs, claim volumes and types of services accessed by victims vary from biennium to biennium, the agency prepares revised budget forecasts at least annually. These forecasts are based on actuarial methodologies to reflect the timing and amounts of anticipated expenditures.

This decision package is comprised of the following two components:

- Maintenance level expenditures for victim benefits. This request assumes that the DSHS rate of reimbursement for medical payments that were in effect July 1, 2005, for inpatient hospitalization will not change. This request also assumes that the underlying medical inflation is correct, that there will be no dramatic increase in claim filing, allowance rates will remain the same, and that there will be no further reductions or cuts to other DSHS or HCA programs.
- Federal grant funding adjustment made annually.

Maintaining the rate of reimbursement at the DSHS level will create access problems for victims. Specialized providers will not want to treat victims because of the low reimbursement rates requirements.

Narrative Justification and Impact Statement

This decision package contributes to L&I 's goal to improve service delivery to crime victims. It supports the Priority of Government Result #8: Improve the safety of people and property, Result #4: Improve the health of Washington citizens, and Result #5: improve the security of Washington's vulnerable children and adults.

Performance Measure Detail:

L&I Goal to which this change is tied:

The goal of the Crime Victims' Compensation Program is to provide services to reduce the impact of violent crime to eligible crime victims.

Performance Measure Changes:	Incremental Changes	
	<u>FY 2006</u>	<u>FY 2007</u>

Outcome Measures:

Output Measures:

Efficiency Measures:

Statement of Expected Results:

The requested funding will allow the Crime Victims Program to provide services to crime victims at the current reimbursement rate. The program provides crime victim benefits to over 11,000 victims who are eligible to receive medical care, counseling, time-loss payments, limited disability benefits, funeral assistance and emergency forensic examinations for sexual assault.

Lack of funding dramatically impacts the program's ability to meet the needs of victims and the providers who deliver services. The performance of the Crime Victims' Compensation Program activity is measured by:

- Adjudicating crime victim claims within 50 days – approx. 7,000 claims received annually
- Paying crime victim provider bills within 50 days – approx. 70,000 bills received annually
- Paying for all sexual assault forensic exams – approx. 4,000 received annually

Reason for change

DSHS increased the fees it pays to two-third of our hospitals from the GAU rate to the MAA rate effective July 1, 2005. Unanticipated changes in hospitalization costs will result in a funding shortfall.

Impact of the change on clients and services

This change is required to maintain client services at the benefit levels set after September 1, 2004.

Other impacted programs/divisions/regions

None.

Relationship to capital budget

None.

Required changes to existing RCW, WAC, contract or plan

None.

Alternatives explored by agency

The agency explored the following other alternatives:

- Prioritizing payments for types of benefits (i.e., medical versus compensable). This option was rejected because the agency's legal authority to prioritize types of benefits is not clear. It appears that the agency will need legislative authority for this option.
- Continue to pay inpatient hospitalization at current rate which will be contrary to RCW 7.68.085
- Identify optional services and stop payments on those. This option was rejected because the benefit flow for victims is tied to worker compensation (Title 51) benefit flow. We have been advised that there are no optional services that can be attributable to crime victims

Budget impacts in future biennia

The program updates the forecast at least once each year. If the trends for claim filing and the demand for claim services continues at the current rate, increased appropriation will be necessary in future biennia for program maintenance.

Distinction between one-time and on-going costs

All costs are assumed to be on going.

Effects of non-funding

The CVC Program will pay hospitals at the new rate per RCW 7.68.080 and run the risk of funding shortfalls. In the event of funding shortfalls, some victim benefits would not be paid timely or not paid at all.

Non-funding would further create access problems for the victim, as more providers would not want to treat at low rates. It will also create a fiscal problem for hospitals since they cannot bill victims or even write it off as credit to charity services.

Expenditure Calculations and Assumptions

	FY 2006	FY 2007	TOTAL Biennium	Biennium 2007-2009	Biennium 2009-2011	TOTAL
FTEs	0.0	0.0	0.0	0.0	0.0	0.0
Objects of Expenditure:						
N - Grants			0			0
TOTAL Expenditures	\$0	\$0	\$0	\$0	\$0	\$0
Funds:						
02V-1 PSEA-State			0			0
02V-2 PSEA-Federal			0			0
TOTAL Funds	\$0	\$0	\$0	\$0	\$0	\$0